

March 21, 2008
CONSENT – Agenda Item No. 7H

SUBJECT:

Board Sand and Gravel Lease No. 2005-1-RB, ASTA Construction Company (Asta).

LOCATION:

400 ± acres, located in Solano County, City of Rio Vista. North side of Airport Road between St. Francis and Church Roads (APN 0177-110-050, 060 and 0177-090-030).

REQUEST:

- Staff requests a consent vote to extend Lease No. 2005-1-RB for 12 months to March 31, 2009.
- Staff requests a consent vote to delegate signature of the "Lease Extension Notice" to its Executive Officer.

JUSTIFICATION:

1. Asta's lease with the Board expires in March 2008. Asta has been a good, responsible tenant. Their rent is due twice a year and Asta pays on time, no collection activities have ever been needed. They are current with their rent.
2. In response to the Governor's Emergency Proclamation and Executive Order, the Department of Water Resources (DWR) began various emergency preparedness and flood protection activities. One activity was to stockpile rip-rap rock on three acres of the property that Asta leases. This stockpiling activity caused about a 90-day distribution in Asta's business practices.
3. Asta has informed the Property Manager for this lease that there is about six (6) months worth of sand removal activity left on the lease site.
4. In order for the Board to bid a lease for this property various types activities would need to occur that would be a cost to the Board. These activities would include:
 - A geological survey to determine the amount of sand left to be mined at a cost of approximately \$40,000 to \$70,000. This includes, among other things surveying, boring samples, analysis, environmental clearances, labor and report writing.
 - Real Estate costs to appraise, bid, award, and execute the lease would be approximately \$20,000 or 200 hours x \$100 per hour.
 - The current market rates for native sand in Northern California are between \$10.00 and \$12.00 per ton. This rate may decrease due to lack of demand because of the downward turn in the economy that has slowed development projects. If the Board were to go out to bid for sand removal for six months, there is the possibility consideration could be much less than the current lease rate.
5. Previous business practices were that lease extensions were signed by the General Manager of The Reclamation Board upon approval in form by the Board's General Manager.

Therefore, in consideration of the (poor) condition of the economy and the General Fund; that Asta has been an excellent tenant and DWR's emergency work disrupted Asta's normal course of business; that there are high costs to the Board to develop a new lease; the advantage to the Board to approve this lease extension is a matter of fiscal prudence and good business practices for the Board and the State of California.

PREVIOUS ACTION:

In March 2005 written bids were accepted by Property Management on behalf of the Board, with the opportunity for oral bids after the opening of the sealed bids. There was competitive bidding and the winning bid of \$5.25 per cubic yard of sand was provided by ASTA Construction Corporation. The former Reclamation Board approved and accepted the bid offer at its March 18, 2005 meeting. Terms of the lease were for two years with a one-year renewal option. The renewal option was exercised and the current lease expires at the end of March 2008.

BACKGROUND:

The site was acquired by the Board in the 1920s and has been leased to ASTA Construction Company since the 1950s. The property has been used since its acquisition for the disposal of dredged spoils from the Sacramento River under Board authority for flood control purposes. The sand removal activities, which are leased from the Board, are critical to the continued usability of this site. If the dredged sand materials were not continuously removed, the site would become filled and would no longer be suitable as a spoil site. The sale of the sand dredge materials also provides revenue to the Board in the form of lease payments or royalties on volume of materials sold.

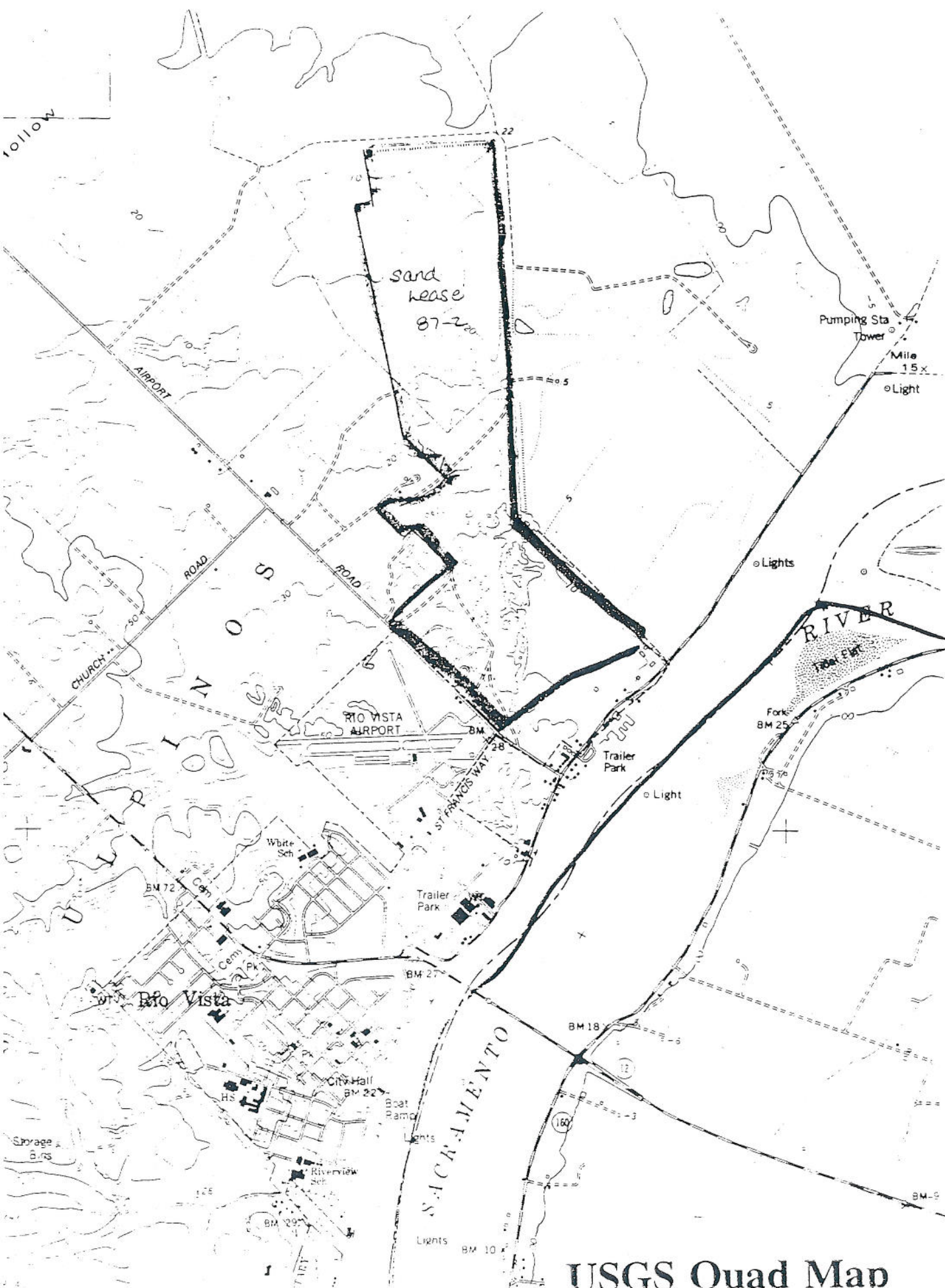
The volume of spoil material placed on the site is directly related to winter weather conditions, precipitation, and flows in the Sacramento River and tributaries. The U.S. Army Corps of Engineers or its contractor is responsible for conducting dredging activities on the Sacramento River. A hydraulic suction dredge is used to remove sediment from the Sacramento River channel. A sand/sediment and water slurry mix is pumped from the dredge barge to a fixed intake conduit on the Sacramento River through a portable pipeline. The stationary intake is located on the right bank of the Sacramento River at River Mile 12.75. Once the slurry reaches the intake it is pumped through a system of underground pipes to the lease site. The site acts as a settling basin where sand materials settle out and clear water is allowed to flow off the site through a regulated outflow standpipe and a system of dewatering ditches. Once the dredging activities have been completed and the site dewatered, the spoil is allowed to dry prior to initiating removal activities.

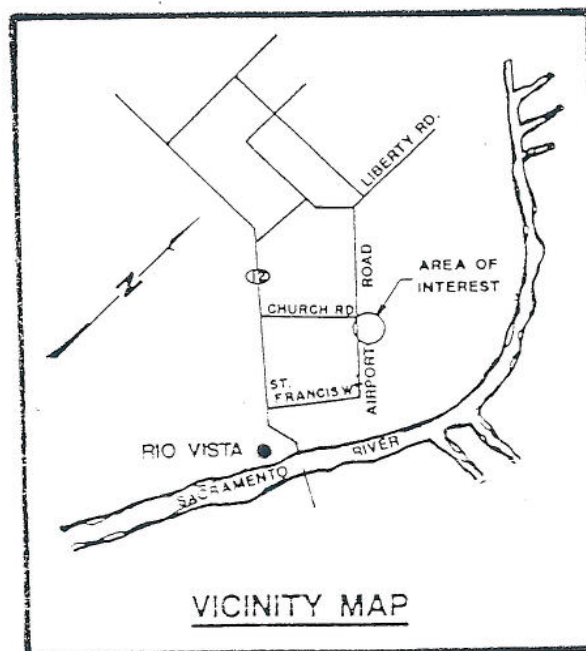
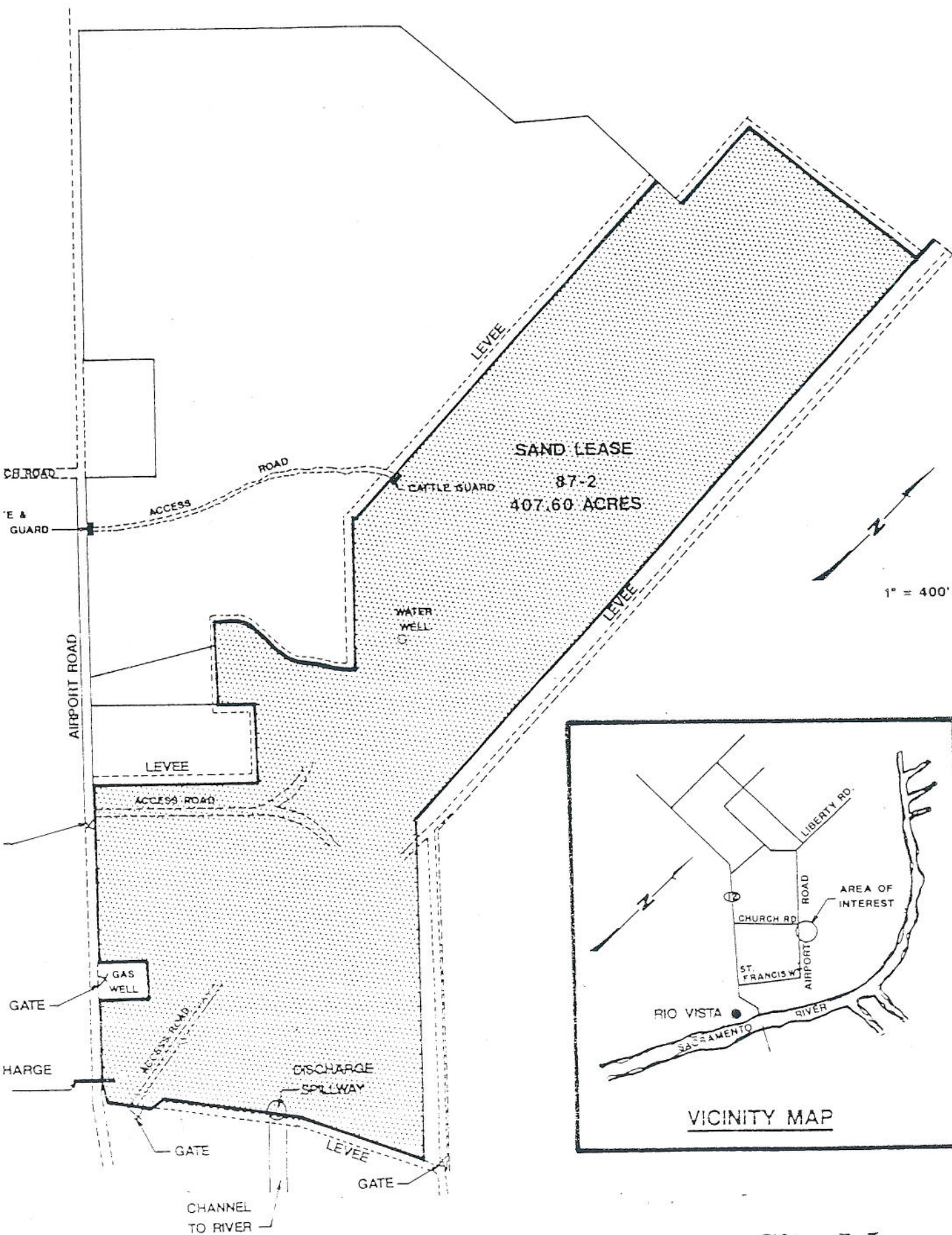
ATTACHMENTS:

Maps of the lease site
Lease Extension Notice

STAFF RECOMMENDATION:

- Staff recommends the Board approve the lease extension and delegate signature authority for the Lease Extension Notice to the Executive Officer.





Site Map

CENTRAL VALLEY FLOOD PROTECTION BOARD
LEASE NO. 2005-1-RB

LEASE EXTENSION

1. The Central Valley Flood Protection Board (Board) has entered into a lease for sand removal with Asta Construction Company (Asta). The Board's lease number is 2005-1-RB covering 400± acres on the north side of Airport Road between St. Francis and Church Roads, also known as Assessor's Parcel Nos. 0177-1210-050, 060 and 0177-090-030, in the city of Rio Vista, Solano County.
2. The lease term is 2 years beginning on March 21, 2005 and terminating March 20, 2007, with a one-year renewal option. The renewal option was subsequently exercised by Asta making the lease expiration date March 20, 2008.
3. Asta has been leasing this property for over 30 years and because of their personal knowledge of and experience on the property estimate that there is approximately six (6) additional months of sand removal activity remaining on the leased property.
4. As a matter of most economical business practices by the Sacramento San Joaquin Drainage District on behalf of the Central Valley Flood Protection Board, a 12 month lease extension is granted to Asta Construction Company.
5. Lease Special Conditions 1 through 23 inclusive remain in effect.
6. Consideration of \$5.25 per cubic yard of material removed, payable on September 20th and March 20th of each year, or \$40,000 minimum annual rental rate, whichever is more will continue.
7. Insurance liability will continue at \$1,000,000 combined single limit. (See Standard Provisions.)
8. All Standard Provisions continue to apply for the lease extension.
9. The new lease termination date shall be: March 20, 2009.

Jay Punia, Executive Officer, Central Valley Flood Protection Board	Date
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Boyd McMillan, President ASTA Construction Company	Date
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